

AMAZON MINING HOLDING PLC

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)**

THREE MONTHS ENDED 31 MARCH 2008

AMAZON MINING HOLDING PLC

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2008

The accompanying unaudited consolidated financial statements of Amazon Mining Holding plc ("Amazon", or the "Company") for the three ended 31 March 2008 have been prepared by and are the responsibility of the Company's management. They do not include all of the information and disclosures that would be required by International Financial Reporting Standards for annual audited financial statements. The interim consolidated financial statements should be read in conjunction with the long form Prospectus filed on SEDAR on 12 November 2007 and with the Company's audited financial statements including the notes thereto for the period ended 31 December 2007. The financial information has not been reviewed or audited by the Company's Auditors.

These financial statements have been approved by the Audit Committee and the Board of Directors of the Company.

AMAZON MINING HOLDING PLC
CONSOLIDATED INCOME STATEMENT

(Unaudited)

| | 3 months ended 31 Mar 2008 £ | 3 months ended 30 Apr 2007 £ |
|--|--|--|
| Administrative expenses | <u>(225,359)</u> | <u>(83,330)</u> |
| Operating loss | (225,359) | (83,330) |
| Finance income | 19,089 | (115) |
| Exchange losses | <u>(254,437)</u> | <u>(1,827)</u> |
| Loss before taxation | (460,707) | (85,272) |
| Taxation | <u> -</u> | <u> 997</u> |
| Loss for the period | <u>(460,707)</u> | <u>(86,269)</u> |
| Basic and diluted loss per ordinary share | <u>(1.67p)</u> | <u>(0.69p)</u> |

AMAZON MINING HOLDING PLC
CONSOLIDATED BALANCE SHEET

(Unaudited)

| | Note | 31 Mar 2008 £ | 31 Dec 2007 £ |
|-----------------------------------|------|---------------------|---------------------|
| Intangible exploration assets | 3 | 1,337,511 | 878,803 |
| Property, plant and equipment | 4 | <u>21,744</u> | <u>10,739</u> |
| | | <u>1,359,255</u> | <u>889,542</u> |
| Other receivables and prepayments | | 58,599 | 11,390 |
| Cash and cash equivalents | | <u>6,326,581</u> | <u>7,393,769</u> |
| Total current assets | | <u>6,385,180</u> | <u>7,405,159</u> |
| Total assets | | <u>7,744,435</u> | <u>8,294,701</u> |
| Equity | | | |
| Issued share capital | 5 | 6,879,789 | 6,879,789 |
| Warrant reserve | 6 | 590,480 | 590,480 |
| Share premium | | 3,620,082 | 3,620,082 |
| Translation reserve | | 22,674 | 30,082 |
| Merger reserve | | (2,727,227) | (2,727,227) |
| Accumulated losses | | <u>(935,058)</u> | <u>(484,036)</u> |
| | | <u>7,450,740</u> | <u>7,909,170</u> |
| Liabilities | | | |
| Trade and other payables | | <u>293,695</u> | <u>385,531</u> |
| Total liabilities | | <u>293,695</u> | <u>385,531</u> |
| Total equity and liabilities | | <u>7,744,435</u> | <u>8,294,701</u> |

AMAZON MINING HOLDING PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

| (Unaudited) | 3 months ended 31 Mar 2008 £ | 3 months ended 30 Apr 2007 £ |
|--|--|--|
| Cash flows from operating activities: | | |
| Operating loss | (225,359) | (83,330) |
| Adjustments for: | | |
| Depreciation | 571 | 6 |
| Share-based payments | 9,685 | - |
| Exchange differences | (254,437) | - |
| (Increase)/decrease in other receivables and prepayments | (47,208) | 1,715 |
| (Decrease)/increase in trade and other payables | <u>(73,077)</u> | <u>34,818</u> |
| Cash used in operating activities | (589,825) | (46,791) |
| Income taxes paid | <u>-</u> | <u>(853)</u> |
| Net cash outflow from operating activities | <u>(589,825)</u> | <u>(47,644)</u> |
| Cash flows from investing activities: | | |
| Interest received | 327 | - |
| Acquisition of intangible exploration assets | (442,070) | (60,147) |
| Acquisition of property, plant and equipment | <u>(11,297)</u> | <u>(951)</u> |
| Net cash outflow from investing activities | <u>(453,040)</u> | <u>(61,098)</u> |
| Cash flows from financing activities: | | |
| Issue of share capital | - | 649,999 |
| Share issue expenses | <u>-</u> | <u>-</u> |
| Net cash outflow from financing activities | <u>-</u> | <u>649,999</u> |
| Net (decrease)/increase in cash and cash equivalents | (1,042,865) | 541,257 |
| Cash and cash equivalents at start of period | 7,393,769 | 41,895 |
| Exchange differences | <u>(24,323)</u> | <u>4,263</u> |
| Cash and cash equivalents at end of period | <u>6,326,581</u> | <u>587,415</u> |

AMAZON MINING HOLDING PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

Period to 31 December 2007

| | Issued capital | Share premium | Warrants reserve | Merger reserve | Accumulated losses | Translation reserve | Total |
|-------------------------------------|------------------|------------------|------------------|--------------------|--------------------|---------------------|------------------|
| | £ | £ | | £ | £ | £ | £ |
| Balance at 1 May 2007 | 3,546,456 | 203,259 | - | (2,727,227) | (169,601) | (831) | 852,056 |
| Shares issued during period | 3,333,333 | 4,006,110 | - | - | - | - | 7,339,443 |
| Share warrants issued during period | - | - | 590,480 | - | - | - | 590,480 |
| Expenses of issue | - | (696,676) | - | - | - | - | (696,676) |
| | - | 107,389 | - | - | 28,799 | - | 136,188 |
| Loss for the period | - | - | - | - | (343,234) | - | (343,234) |
| Foreign exchange differences | - | - | - | - | - | 30,913 | 30,913 |
| Balance at 31 December 2007 | <u>6,879,789</u> | <u>3,620,082</u> | <u>590,480</u> | <u>(2,727,227)</u> | <u>(484,036)</u> | <u>30,082</u> | <u>7,909,170</u> |

Period to 31 March 2008

| | Issued capital | Share premium | Warrants reserve | Merger reserve | Accumulated losses | Translation reserve | Total |
|------------------------------|------------------|------------------|------------------|--------------------|--------------------|---------------------|------------------|
| | £ | £ | | £ | £ | £ | £ |
| Balance at 1 January 2008 | 6,879,789 | 3,620,082 | 590,480 | (2,727,227) | (484,036) | 30,082 | 7,909,170 |
| Loss for period | - | - | - | - | (460,707) | - | (460,707) |
| Share-based payments | - | - | - | - | 9,685 | - | 9,685 |
| Foreign exchange differences | - | - | - | - | - | (7,408) | (7,408) |
| Balance at 31 March 2008 | <u>6,879,789</u> | <u>3,620,082</u> | <u>590,480</u> | <u>(2,727,227)</u> | <u>(935,058)</u> | <u>22,674</u> | <u>7,450,740</u> |

AMAZON MINING HOLDING PLC

UNAUDITED NOTES TO THE INTERIM STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2008

1. NATURE OF OPERATIONS AND GOING CONCERN

Operations

The Company and its subsidiaries are currently engaged in the exploration of gold properties in Brazil.

Going concern

The Group is at an early stage of development and in common with many mineral exploration companies, it raises finance for its exploration and appraisal activities in discrete tranches. The Group has working capital of £6,091,485 at 31 March 2007 (31 December 2007: £7,019,628). In view of this, the directors consider that sufficient funds will be available to progress the Group's planned exploration programmes and that it has adequate working capital for at least the next twelve months. The directors therefore consider it appropriate to prepare these financial statements on the going concern basis.

However, the existing funds will not be sufficient to bring the projects into development and production and, in due course, further funding will be required. In the event that the Group is unable to secure further finance it may not be able to fully develop its projects which may have a consequential impact on the recoverability of the carrying value of the related intangible assets.

AMAZON MINING HOLDING PLC

UNAUDITED NOTES TO THE INTERIM STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2008

2. BASIS OF PRESENTATION

These interim unaudited consolidated financial statements for Amazon Mining Holding PLC (“AMH” or the “Company”) have been prepared in accordance with International Financial Reporting Standards (“IFRSs” or “IFRS”). Amazon Mining Holding PLC (the “Company”) is a company domiciled in England and Wales.

The interim statements of the Company for the three months ended 31 March 2008 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the acquisition and development of mineral resource assets. The Company changed its accounting reference date from 30 April to 31 December and as a result the comparative information is for the three months ended 30 April 2007.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Company’s audited consolidated financial statements and notes thereto for the period ended 31 December 2007.

In the opinion of the management, the accompanying interim financial information includes all adjustments considered necessary for fair and consistent presentation of financial statements. These interim consolidated financial statements should be read in conjunction with the Company’s audited financial statements and notes for the period ended 31 December 2007.

AMAZON MINING HOLDING PLC

UNAUDITED NOTES TO THE INTERIM STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2008

3. INTANGIBLE FIXED ASSETS

| | 31 Mar 2008 | 31 Dec 2007 |
|-----------------------------------|------------------|----------------|
| | £ | £ |
| Deferred exploration costs | | |
| Cost | | |
| Balance – beginning of period | 878,803 | 302,899 |
| Additions | 442,070 | 524,939 |
| Foreign exchange differences | <u>16,638</u> | <u>50,965</u> |
| Balance - end of period | <u>1,337,511</u> | <u>878,803</u> |

The deferred exploration costs relate to the following mining projects:

| | 31 Mar 2008 | 31 Dec 2007 |
|--------------|------------------|----------------|
| | £ | £ |
| Tocantins | 494,361 | 300,346 |
| Lavras | 433,453 | 316,890 |
| Terra Branca | 201,188 | 134,651 |
| Rio Madeira | 164,554 | 117,758 |
| Other | <u>43,955</u> | <u>9,158</u> |
| | <u>1,337,511</u> | <u>878,803</u> |

4. TANGIBLE FIXED ASSETS

| | 31 Mar 2008 | 31 Dec 2007 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Property, plant and equipment | | |
| Cost | | |
| Balance – beginning of period | 11,444 | 2,361 |
| Additions | 11,298 | 8,719 |
| Disposals | - | (286) |
| Foreign exchange differences | <u>288</u> | <u>650</u> |
| Balance - end of period | <u>23,030</u> | <u>11,444</u> |
| Depreciation | | |
| Balance – beginning of period | 705 | 6 |
| Charge for period | 571 | 682 |
| Foreign exchange differences | <u>10</u> | <u>17</u> |
| Balance - end of period | <u>1,286</u> | <u>705</u> |
| Net book value | | |
| At end of period | <u>21,744</u> | <u>10,739</u> |
| At start of period | <u>10,739</u> | <u>2,355</u> |

AMAZON MINING HOLDING PLC

UNAUDITED NOTES TO THE INTERIM STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2008

5. SHARE CAPITAL

| | 31 Mar 2008 £ | 31 Dec 2007 £ |
|---|---------------------|---------------------|
| Authorised 500,000,000 Ordinary shares of £0.25 each | <u>125,000,000</u> | <u>125,000,000</u> |

Allotted, issued and fully paid

| | | |
|---|------------------|------------------|
| 27,519,159 Ordinary shares of £0.25 each | <u>6,879,789</u> | <u>6,879,789</u> |
|---|------------------|------------------|

On 21 November 2007 the company issued 13,333,333 units at Can\$1.20 to provide additional funding for the Group's operations. Each unit comprises one ordinary share of 25p each and one-half of one ordinary share purchase warrant. (see note 6).

6. SHARE WARRANTS

Warrant reserve

| | 31 Mar 2008 £ | 31 Dec 2007 £ |
|--|---------------------|---------------------|
| Opening balance | 590,480 | - |
| 6,666,667 share warrants issued 21 November 2007 | - | 533,333 |
| 983,334 share warrants issued 11 December 2007 | - | <u>57,147</u> |
| | <u>590,480</u> | <u>590,480</u> |

The share purchase warrants issued on 21 November 2007, were issued at a fair value of Canadian \$0.17 each. The fair value of the share purchase warrants is measured using the Black-Scholes model assuming an expected volatility of 41%, a risk-free interest rate of 4% and a contractual life of the option of 2 years. This has not affected the income statement as the cost has been taken to the share premium account as a cost of issue. Each share purchase warrant carries the right to subscribe for one ordinary share of 25p each at a price of \$1.55 per share, expiring on 21 November 2009, subject to acceleration in the event the closing price of the Ordinary Shares on the TSX Venture Exchange (the "TSX-V") at any time prior to 21 November 2008 exceeds \$2.10 for 20 consecutive trading days.

AMAZON MINING HOLDING PLC

UNAUDITED NOTES TO THE INTERIM STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2008

6. SHARE WARRANTS (continued)

The share purchase warrants issued on 11 December 2007, were issued for Canadian \$0.12 each on the exercise of an over-allotment option. Each share purchase warrant carries the right to subscribe for one ordinary share of 25p each at a price of \$1.55 per share, expiring on 21 November 2009, subject to acceleration in the event the closing price of the Ordinary Shares on the TSX Venture Exchange (the "TSX-V") at any time prior to 21 November 2008 exceeds \$2.10 for 20 consecutive trading days.

7. RELATED PARTY TRANSACTIONS

During the period the Group incurred consultancy and travel expenses of £11,750 (30.04.07 £nil) under a consulting agreement with a trust in which a director has a beneficial interest. The Group incurred consultancy expenses of £15,487 (30.04.07 £nil) under service agreements with other key management.

8. SEGMENTED INFORMATION

The Company has one operating segment consisting of an exploration operations located in Brazil. The geographical segmental analysis is as follows:

| 31.03.08 | | | | | | |
|-----------------|-----------------|------------------|------------------|---------------------|---------------------|--------------|
| | Segment revenue | Segment result | Segment assets | Segment liabilities | Capital expenditure | Depreciation |
| | £ | £ | £ | £ | £ | £ |
| UK | - | (382,981) | 5,968,191 | 184,255 | 12,485 | 140 |
| Brazil | <u>-</u> | <u>(77,726)</u> | <u>1,776,244</u> | <u>109,440</u> | <u>440,883</u> | <u>431</u> |
| | <u>-</u> | <u>(460,707)</u> | <u>7,744,435</u> | <u>293,695</u> | <u>453,368</u> | <u>571</u> |

| 31.12.07 | | | | | | |
|-----------------|-----------------|------------------|------------------|---------------------|---------------------|--------------|
| | Segment revenue | Segment result | Segment assets | Segment liabilities | Capital expenditure | Depreciation |
| | £ | £ | £ | £ | £ | £ |
| UK | - | (273,269) | 7,268,772 | 373,882 | 1,394 | 467 |
| Brazil | <u>-</u> | <u>(69,965)</u> | <u>1,025,929</u> | <u>11,649</u> | <u>532,264</u> | <u>215</u> |
| | <u>-</u> | <u>(343,234)</u> | <u>8,294,701</u> | <u>385,531</u> | <u>533,658</u> | <u>682</u> |

AMAZON MINING HOLDING PLC

UNAUDITED NOTES TO THE INTERIM STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2008

9. FINANCIAL INSTRUMENTS

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk and liquidity risk each of which is discussed below. There is no perceived credit risk as the Group has no trade receivables and minimal other receivables and bank deposits are made with high quality financial institutions. There were no derivative instruments outstanding at 31 March 2008 or at 31 December 2007.

Currency rate risk

The Group's cash resources are held in GB Pounds, Canadian Dollars and Brazilian Reais. Exchange rate fluctuations may adversely affect the Group's financial position and results. The Group's financial results are reported in GB Pounds and its costs are primarily incurred in GB Pounds, Canadian Dollars and Brazilian Reais. The appreciation of British Pounds, Canadian Dollars or Brazilian Reais against the US Dollar could increase the actual capital and operating costs of the Group's mineral exploration projects and materially adversely affect the results presented in the Group's financial statements. Currency exchange fluctuations may also materially adversely affect the Group's future cash flow from operations, its results of operations, financial condition and prospects.

The Group had the following cash and cash equivalents in currencies other than its functional currency. The amounts are stated in GB Pound equivalents.

| | 31 Mar 2008 £ | 31 Dec 2007 £ |
|------------------|---------------------|---------------------|
| GB Pounds | 2,004 | 18,883 |
| Canadian Dollars | 5,643,921 | 7,240,253 |
| Brazilian Reais | <u>680,656</u> | <u>134,633</u> |
| | <u>6,326,581</u> | <u>7,393,769</u> |

Liquidity risk

To date the Group has relied on shareholder funding to finance its activities. As the Group has finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure.

Interest rate risk

The Group's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. Given that the directors do not consider that interest income is significant in respect of the Group's operations no sensitivity analysis has been provided in respect of any potential fluctuations in interest rates.

AMAZON MINING HOLDING PLC

UNAUDITED NOTES TO THE INTERIM STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2008

9. FINANCIAL INSTRUMENTS (continued)

Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country. The Group has no fixed rate deposits.

Fair value of financial assets

In the directors' opinion there is no material difference between the book value and fair value of any of the group's financial instruments.

The classes of financial instruments are the same as the line items included on the face of the balance sheet. All the group's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.

AMAZON MINING HOLDING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED 31 MARCH 2008

The following management's discussion and analysis ("MD&A") of the operating results and financial condition of Amazon Mining Holding PLC ("Amazon" or the "Company") and its subsidiaries is for the three month period ended 31 March 2008. The following discussion provides information that management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition. This MD&A should be read in conjunction with the unaudited consolidated financial statements for the three months ended 31 March 2008, the audited consolidated financial statements for the period ended 31 December 2007 and related notes thereto and the long form Prospectus filed on SEDAR on 12 November 2007. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS). All amounts herein are expressed in British Pounds Sterling unless otherwise stated, and the information is current to 26 May 2008.

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com and the Company's website at www.amazonplc.com.

FORWARD LOOKING STATEMENTS

This discussion may contain forward-looking statements. Although the Company believes that its expectations reflected in forward-looking information are reasonable, such information involves known or unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or the Company's projects in Brazil to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such risk factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; the actual results from current exploration activities; conclusions of economic evaluations; unexpected increases in capital or operating costs; changes in equity markets, inflation and changes in foreign currency exchange rates; changes in project parameters as plans continue to be refined; changes in labour costs; future prices of gold; possible variations of mineral grade or recovery rates; accidents, labour disputes and other risks of the mining industry; political risks arising from operating in Brazil; delays in obtaining governmental consents, permits, licenses and registrations; approvals or financing; as well as those factors discussed in the section entitled "Risk Factors" in this MD&A.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained herein, unless stated otherwise, is made at the date of this MD&A and the Company makes no responsibility to update them or to revise them to reflect new events or circumstances, except as required by law.

BUSINESS & OPERATIONS OVERVIEW

Amazon was incorporated in England and Wales on 14 August 2006 and acquired the issued share capital Amazon Mining Limited (“AML”) by way of a share-for-share exchange. The transaction was effectively treated as a group reorganization and the consolidated financial statements are presented in a way that reflects the continuation of AML and its subsidiaries. Amazon’s ordinary shares were admitted for trading on the Canadian Toronto Venture Exchange (TSX-V) on 21 November 2007 under the symbol “AMZ”.

The principal activity of the Group is that of a mineral exploration company engaged in the acquisition and development of gold exploration properties in Brazil. The Group’s strategic focus is to acquire projects with demonstrated potential for hosting gold deposits and to define resources through exploration and drilling campaigns.

The Group does not currently have any revenues and does not expect to have any revenues until the completion of the recommended exploration programmes on Group projects, receipt of mineral licences and permits for mining of one or more commercial ore bodies located thereon, and the mining and shipment of ore.

Amazon’s activities are currently focused on the Tocantins Gold Project, located in the state of Tocantins in Central Brazil, on the Madeira Gold Project, located in the states of Rondonia and Amazonas in north-western Brazil, and on the Lavras Gold Project, located in the state of Minas Gerais in Central Brazil.

Tocantins

Gold mineralisation at the Tocantins Project is typically hosted within quartz veins and veinlets in close proximity to sulphide assemblages (pyrite and pyrrhotite-chalcopyrite-arsenopyrite). These ‘sulfide rich’ structures can be found next to magnetite rich horizons.

The drilling campaign was planned based upon a review of the existing data and field assessment of gold occurrences throughout the Tocantins exploration permit. This review resulted in the selection of three priority targets along the Gerseu – Igreja structural trend, to be evaluated by a first phase exploratory drilling program:

The initial target area tested within the Tocantins project is the Gerseu – Igreja structural trend, which lies on a limb of a major ‘nose fold’. Based on information taken from field work, the locations of diamond drill holes were structurally oriented to target potential ‘cigar type’ gold zones. This initial drill campaign consisted of 12 DDH holes for a total of 1731.75 linear meters HQ core.

The drill cores were sent to SGS-Geosol Laboratory in Belo Horizonte for assaying. As per standard quality control practice, blanks, duplicates and standards were inserted in a regular distribution in each hole’s sequence of samples. Assay results are pending.

Future exploration planned on the Tocantins property includes, auger drilling to evaluate primary gold structures beneath the extensive lateritic cover, further diamond drilling along the Gerseu-Igreja structural trend and additional ground magnetic geophysics.

Lavras

The Lavras Project is located around 14 km north-northwest the town of Paracatu, Minas Gerais state. The Lavras Project exhibits similar geological and structural characteristics to Kinross Gold's operating Morro do Ouro open pit gold mine.

Within the Lavras property, the Fazenda Lavras geological unit, which hosts the gold mineralisation, can be subdivided into four horizons defined by the degree of oxidation and surface weathering and the associated sulfide mineralization. The 'T horizon' is generally a couple of meters thick, and essentially marks the transition to the 'B1 horizon'. The 'B1 horizon' is less oxidised than the 'T-horizon' and is darker in color. The 'B2 horizon' is an unweathered zone containing primary sulfides.

Kinross Gold's Morro do Ouro deposit and Amazon's Fazenda Lavras geological unit are both generally described as metamorphic gold systems with finely disseminated gold mineralization hosted within an original bedded sedimentary phyllite host. The gold is fine grained and associated with sulfides that are disseminated throughout the thinly bedded phyllite..

Based on an initial review of the project, a diamond drilling program, using large diameter PQ core was initiated. The objective of this drilling program is to evaluate the bulk tonnage potential of the Fazenda Lavras geological unit. The drill holes are targeted to reach a depth of up to nearly 200 vertical meters below surface. The PQ diamond drilling campaign is in progress and as of 31 March 2008, Some 642.95 linear meters of drilling has been completed.

The drill cores were sent to SGS-Geosol Laboratory in Belo Horizonte for assaying. As per standard quality control practice, blanks, duplicates and standards were inserted in a regular distribution in each hole's sequence of samples. Assay results are pending.

Madeira

No exploration drilling has commenced on the Madeira property as of the date of this MD&A. The Company continues to incur costs associated with maintaining rights to the property.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the Group select from possible alternatives accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date, and reported costs and expenditures during the reporting period. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly. A summary of critical account estimates are described below:

Deferred exploration and evaluation expenditure

Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical and administrative overheads and includes:

- researching and analysing historical exploration data
- gathering exploration data through topographical, geochemical and geophysical studies
- exploratory drilling, trenching and sampling
- determining and examining the volume and grade of the resource
- surveying transportation and infrastructure requirements
- conducting market and finance studies

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise such as:

- (i) unexpected geological occurrences that render the resource uneconomic
- (ii) title to the asset is compromised
- (iii) variations in metal prices that render the project uneconomic

The Group may periodically revise its valuation based on additional exploration results and determine that the carrying value of the property on the balance sheet is impaired. When such a change in estimate is made, there may be a material effect on the balance sheet and income statement.

Share-based payments

The Group charges the Income Statement with the fair value of share options issued. This charge is not based on historical cost, but is derived based on assumptions input into an option pricing model. The model requires management to make several assumptions as to future events, including: an estimate of the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period (using historical volatility as a reference); and the appropriate risk-free rate of interest. The resulting value calculated is not necessarily the value of which the holder of the option could receive in an arm's length transaction, given there is no market for the options and they are not transferable. The value derived from the option pricing model is highly subjective and dependent entirely upon the input assumptions made.

SELECTED FINANCIAL INFORMATION

| Selected Financial Information All amounts in £ | 3 months ended 31 March 2008 (Unaudited) | 3 months ended 30 April 2007 (Unaudited) |
|--|--|--|
| Revenue | - | - |
| Administrative Expenses | 225,359 | 83,330 |
| Net (loss) | (460,707) | (86,269) |
| Loss per share in pence (basic and diluted) | 1.67 | 0.69 |
| Cash Flow (used) for operating activities | (589,825) | (47,644) |
| Cash Flow (used) for investing activities | (453,040) | (61,098) |
| Cash Flow from financing activities | - | 649,999 |
| Cash & cash equivalents at end of period | 6,326,581 | 587,415 |
| Total Assets | 7,744,435 | 893,326 |
| Total Liabilities | 293,695 | 41,270 |
| Working Capital | 6,091,485 | 546,802 |
| Weighted average number of shares outstanding | 27,519,159 | 12,461,172 |

During 2007 the Parent Company changed its fiscal year end from 30 April to 31 December. The three-month period ended 30 April 2007 is the comparative period for analysis purposes of this MD&A.

Three months ended 31 March 2008 as compared to the three months ended 30 April 2007

Compared to the three months ended 30 April 2007, net losses for the three months ended 31 March 2008 increased £374,438 to £460,707 and the loss per share increased from 0.69p to 1.67p. The significant increase in administrative expenses of £142,029 is primarily due to:

- (1) £72,958 associated with increased salaries and office setup costs in the Brazilian operating subsidiaries due to the ramp up of exploration activity; and
- (2) £56,001 associated with marketing and professional costs.

The net loss for the period includes foreign exchange translation losses of £254,437. This stems from the translation of significant Canadian Dollar cash balances to GBP.

During the three months ended 31 March 2008, the Company continued to incur project acquisition and drilling costs. The following table summarizes the deferred exploration costs capitalized to Intangible Assets to-date by the Group:

| Project | 12 months to 30 April 2006 | 12 months to 30 April 2007 | 8 months to 31 December 2007 | 3 months to 31 March 2008 | Total |
|--------------|----------------------------|----------------------------|------------------------------|---------------------------|------------------|
| Tocantins | 59,184 | 131,676 | 109,486 | 194,015 | 494,361 |
| Lavras | - | - | 316,890 | 116,563 | 433,453 |
| Terra Branca | - | 55,316 | 79,335 | 66,537 | 201,188 |
| Madeira | - | 56,723 | 61,035 | 46,796 | 164,554 |
| Other | - | - | 9,158 | 34,797 | 43,955 |
| | <u>59,184</u> | <u>243,715</u> | <u>575,904</u> | <u>458,708</u> | <u>1,337,511</u> |

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

To date, the Group has relied on shareholder funding to finance its operations. With finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure. Success will depend largely upon the outcome of ongoing and future exploration and evaluation programmes.

The Group's cash resources are held in British Pound Sterling ("GBP"), Canadian Dollars and Brazilian Reais. Cash balances in Brazilian Reais and Canadian Dollars are kept under constant review and surplus funds are held on deposit on the most secure and advantageous terms of deposit available up to three month's maximum duration. The Group had the following cash in currencies other than its functional currency. The amounts are stated in GBP equivalents.

| | 31 March 2008 | 31 December 2008 |
|------------------------|------------------|------------------|
| | £ | £ |
| British Pound Sterling | 2,004 | 18,883 |
| Canadian Dollars | 5,643,921 | 7,240,253 |
| Brazilian Reais | 680,656 | 134,633 |
| | <u>6,326,581</u> | <u>7,393,769</u> |

At 31 March 2008, the Group held cash of £6,326,581, a decrease of £1,067,188 from the cash balance at 31 December 2007. Working capital decreased £928,143 during Q1 2008 to £6,091,485. This cash usage for the quarter primarily stems from:

- (1) Expenditure of £442,070 on deferred exploration costs;
- (2) An administrative operating loss of £225,359; and
- (3) Foreign exchange translation losses of £254,437 due to a weakening of the Canadian Dollar (relative to GBP) from 1.96 at 31 December 2007 to 2.04 at 31 March 2008.

The Group is in a position to fulfil its payment and other obligations under the Tocantins, Madeira and Lavras project agreements and to conduct exploration programmes on each, as required, throughout the remainder of 2008. Management and the Board will carefully monitor the results to ensure cash resources are optimally allocated. Management will continue to evaluate other projects that may come to the Company's attention from time to time. A Vice President of Exploration was hired in February 2008 to manage and evaluate the Company's exploration programs

COMMITMENTS

The Group does not have any exploration and development expenditure commitments in respect of its projects. However, the following are material payments that will need to be made in order to maintain certain properties in good standing:

- (a) In order to maintain the Group's interest in the Tocantins property, the Group is required to pay £389,000 over the period to August 2009.
- (b) In order to maintain the Group's interest in the Lavras property, the Group is required to pay £2.72m over the period to February 2010.
- (c) In order to maintain the Group's interest in the Terra Branca property, the group is required to pay £1.56m over the period to August 2010.

The expenditure referred to above is discretionary and not yet committed as it is dependent on timing, availability of funds and the results of exploration.

PROPOSED TRANSACTIONS

There are no proposed assets or business acquisitions or dispositions before the Board for consideration.

OFF-BALANCE SHEET FINANCING

The Group has not entered into any off-balance sheet financing arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, payables and accrued liabilities, some of which are denominated in Sterling, Reais, United States dollars and Canadian dollars. These accounts are recorded at cost which approximates their fair value at each reporting period end value in Sterling. The Company experiences financial gains or losses on these accounts as a result of foreign exchange movements against the Sterling. The Company is exposed to currency risk related to the exploration and development expenditures on its Brazilian projects since it settles the majority of these expenditures either in local currency Real or United States dollars. The Company has placed its cash and cash equivalents in short-term liquid deposits or investments with maturities of not more than 90 days.

RELATED PARTY TRANSACTIONS

During the period the Group incurred consultancy and travel expenses of £11,750 (30.04.07 £nil) under a consulting agreement with a trust in which a director has a beneficial interest. The Group incurred consultancy expenses of £15,487 (30.04.07 £nil) under service agreements with other key management.

MI 52-109 COMPLIANCE

Internal controls over financial reporting

As at 31 March 2008, the Chief Executive Officer, C Veloso and the Chief Financial Officer, M Cerqueira evaluated the design of the Group's internal controls over financial reporting. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design of internal control over financial reporting was effective as at 31 March 2008 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

FINANCIAL REPORTING STANDARDS

International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 31 March 2008:

| IFRS /Amendment | Title | Application date of standard | Application date for Group |
|------------------------|--------------------------------------|-------------------------------------|-----------------------------------|
| IFRS 8 | Operating segments | 1 January 2009 | 1 January 2009 |
| IAS 23 amendment | Borrowing costs | 1 January 2009 | 1 January 2009 |
| IFRIC 12 | Service concession arrangements | 1 January 2008 | 1 January 2008 |
| IAS 1 revised | Presentation of financial statements | 1 January 2009 | 1 January 2009 |
| IFRIC 13 | Customer loyalty programmes | 1 July 2008 | 1 January 2008 |

Management have reviewed the impact of the above standards and have determined that they do not result in any changes to accounting policies.

OUTSTANDING SHARE DATA

As at the date of this MD&A the following securities are outstanding:

| | |
|------------------------|-------------------|
| Ordinary Shares | 27,519,159 |
| Warrants | 7,650,000 |
| Compensation options | 800,000 |
| Employee Stock Options | 1,595,000 |
| Total | <u>37,564,159</u> |

RISKS

The exploration for and exploitation of natural resources are speculative activities that involve a high degree of risk. The following risk factors should be considered in assessing the Company's activities. Should any one or more of these risks occur, it could have a material adverse effect on the business, prospects, assets, financial position or operating results of the Company. The noted below do not necessarily comprise all those faced by the Company. Additional risks not currently known to the Company or that the Company currently deems would not likely influence an investor's decision to purchase securities of the Company may also impact the Company's business, prospects, assets, financial position or operating results.

Early Stage Projects and Dependence on Three Mineral Exploration Projects

Each of the Tocantins Gold Project, Madeira Gold Project, and Lavras Gold Project is in the early or pre-exploration stage only and is without a known body of commercial ore. The three projects do not have any current mineral resources or reserves. There is no certainty that the expenditures made by the Group towards the search and evaluation of mineral deposits on either of these or any other properties will result in discoveries of commercial quantities of ore. Furthermore, unless the Group acquires additional properties or projects, any adverse developments affecting these projects or the Group's rights to develop mining concessions that are held on these properties, could materially adversely affect the Group's business, financial condition and results of operations.

Exploration and Operating Risks

The exploration for mineral deposits is a speculative venture involving a high degree of risk. Even a combination of careful evaluation, experience and knowledge may not eliminate such risk. While the discovery of a commercially viable ore body may result in substantial rewards, few mineral properties which are explored are ultimately developed into producing mines. Unusual or unexpected rock formations, unanticipated changes in metallurgical characteristics and mineral recovery, environmental hazards, fires, power outages, labour disruptions, flooding, cave-ins, landslides, unfavourable operating conditions and the inability of the Group to obtain suitable machinery, equipment or labour are all risks involved with the conduct of exploration programs and the operation of mines. Should any of these risks and hazards adversely affect the Group's mining operations or activities, it may cause an increase in the cost of operations to the point where it is no longer economically feasible to continue such operations or activities. It may also require the Group to write down the carrying value of one or more projects.

Uncertainty of Acquiring Necessary Permits

The Group's current and future operations will require approvals and permits from various federal, state and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of such approvals and permits for the existing operations or additional approvals or permits for any possible future changes to operations. Prior to any development on any of its properties, the Group must receive permits from appropriate governmental authorities. There can be no assurance that the Group will continue to hold all permits necessary to develop or continue operating at any particular property or obtain all required permits on reasonable terms or on a timely basis.

Risks Relating to Government and Mining Regulation

The development and mineral exploration activities of the Group, as well as any future mining operations of the Group, are subject to various laws governing the acquisition of mineral concessions, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Group's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, it is possible that the Company may not be able to comply with future laws and regulations. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could result in changes to the terms of the Group's permits or agreements which could limit or curtail exploration, production or development. The Group may experience increased costs and delays in production as a result of the need to comply with applicable laws, regulations and permits. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a material adverse impact on the Group. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in enforcement actions there under including the loss of the Group's mining concessions, orders issued by regulatory or judicial authorities requiring operations to cease or be curtailed, fines, penalties or other liabilities. The Group may be required to compensate those suffering loss or damage by reason of its mining operations and may have civil or criminal fines or penalties imposed for violations of such laws, regulations and permits.

Environmental Risks and Hazards

All phases of the Group's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on environmental pollution and the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Group's operation. Environmental hazards may exist on the properties on which the Group holds interests which are unknown to the Group at present and which have been caused by previous or existing owners or operators of the properties. To the extent the Group is subject to environmental liabilities, the payment of any liabilities or the costs that may be incurred to remedy environmental impacts would reduce funds otherwise available for operations. The Group has not purchased insurance for environmental risks. See "Risk Factors – Uninsurable Risks".

Government approvals and permits are currently, and may in the future be required in connection with the Group's operations. To the extent such approvals are required and not obtained, the Group may be curtailed or prohibited from initiating or continuing mining operations or from proceeding with the planned exploration or development of the mineral properties in which it has an interest. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of exploration properties may be required to compensate those suffering loss or damage by reason of such parties' activities and may have civil or criminal fines or penalties imposed for violations of applicable laws and regulations. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Group and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new exploration properties.

Title Risks

From the three projects, the Group does not own all of the real property underlying the Tocantins, Madeira and Lavras Gold Projects. The Group currently only has the right to conduct exploration activities on the three properties pursuant to the terms of the licences and permits relating thereto. The acquisition of title to resource interests and properties is a very detailed and time consuming process. The validity of mining and property claims generally can be contested, and although the Group has taken steps to acquire the necessary title to the mining claims relating to the Tocantins, Madeira and Lavras Gold Projects, some risk exists that title to such claims may be defective. In order to maintain such mining claims, the Group must incur certain minimum exploration expenditures annually or risk forfeiture of the claims and any such expenditure made to such time. There can be no assurance that the Group will be able to obtain the required mining and other permits for either of the Tocantins, Madeira and the Lavras Gold Projects, if, as, and when mining operations come viable at such projects. In addition, the Group holds the Tocantins License and Lavras License pursuant to the terms of the respective Option Agreements. Should the Group fail to comply with the terms of such agreements, including completion of the remaining instalment payments and payment of royalties, the Group may forfeit the Licences.

Uncertainty of Additional Capital

The ability of the Group to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions as well as the business performance of the Group. The development and exploration of the Group's properties may require substantial additional financing. Failure to obtain such financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Group's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Group. If additional financing is raised by the Group through the issuance of securities from treasury, control of the Group may change and security holders may suffer additional dilution. See "Risk Factors – Dilution".

Risks Associated with Foreign Operations

The Group's mineral interests are located in the Federative Republic of Brazil, which may be affected by varying degrees of political change and labour unrest, fluctuations in currency exchange rates, high rates of inflation, terrorism or expropriation. The Group's exploration and development activities may be affected by changes in government or judiciary, political instability and the nature of various government regulations relating to the mining industry. A change in government positions on foreign investment, mining concessions, land tenure, environmental regulation, or taxation could adversely affect the Group's business and/or its holdings, assets and operations in Brazil. Any changes in regulations or shifts in political conditions are beyond the control of the Group. The Group's operations in Brazil will entail governmental, economic, social, medical and other risk factors common to all countries in the region.

Government Royalties

The Federal Government of Brazil collects royalties on mineral production, with up to half of such royalties being paid to surface rights owners. The current Brazilian Federal royalty applicable to gold production is a 1% NSR. This level, and the level of any other royalties, payable to the Brazilian government in respect of the production of minerals may be varied at any time as a result of changing legislation which could materially adversely affect the Group's results of operations.

Market Factors and Volatility of Commodity Prices

The Group's future profitability and long term viability will depend, in large part, on the global market price of minerals produced and their marketability. The marketability of mineralized material which may be acquired or discovered by the Group will be affected by numerous factors beyond the control of the Group. These factors include market fluctuations in the prices of minerals sought, which are highly volatile, inflation, consumption patterns, speculative activities, international political and economic trends, currency exchange fluctuations, interest rates, production costs and increased production. The effect of these factors cannot be accurately predicted, but may result in the Group not receiving an adequate return on invested capital. Prices of certain minerals have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the control of the Group. Future mineral prices cannot be accurately predicted. A severe decline in the price of a mineral being produced or expected to be produced by the Group would have a material adverse effect on the Group.

Uninsurable Risks

The exploration, development and production of mineral properties is subject to several risks that could result in damage to, or destruction of, mineral properties or facilities, personal injury or death, environmental damage, delays in mining and monetary losses and possible legal liability. The Group does not currently maintain insurance against risks relating to its properties or in the operation of its business, however anticipates having such insurance in place in amounts believed to be consistent with industry practice. It is not always possible to fully insure against such risks, and the Group may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of the securities of the Group.

The Group is not currently insured against environmental risks. Insurance against environmental risks (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. The Group periodically evaluates the cost and coverage of such insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance. Without such insurance, and if the Group becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds available to the Group and result in bankruptcy. Should the Group be unable to fund fully the remedial cost of an environmental problem it might be required to enter into interim compliance measures pending completion of the required remedy.

Infrastructure

Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Group's operations, financial condition and results of operations.

Exchange Rate Fluctuations

Exchange rate fluctuations may adversely affect the Group's financial position and results. The Group's financial results are reported in British Pounds Sterling, and its costs are incurred primarily in British Pounds Sterling, Canadian Dollars, and Brazilian Real. The appreciation of the British Pound Sterling, Canadian Dollar, or Brazilian Real against the U.S. Dollar could increase

the actual capital and operating costs of the Group's mineral exploration projects and materially adversely affect the results presented in the Group's financial statements. Currency exchange fluctuations may also materially adversely affect the Group's future cash flow from operations, its results of operations, financial condition and prospects. The Group does not currently have in place a policy for managing or controlling foreign currency risks.

Dependence on Key Executives and Technical Personnel

The Group is currently dependent on the services of Cristiano Veloso, the President and Chief Executive Officer of the Group. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Due to the relatively small size of the Group, the loss of Mr. Veloso or the Group's inability to attract and retain additional highly skilled employees may materially adversely affect its business and future operations. The Group does not currently carry any keyman life insurance on any of its executives. The directors and officers of the Group will only devote part of their time to the affairs of the Group.

Taxes

The Group's estimates regarding the exploration costs at the Tocantins, Madeira and Lavras Gold Projects have assumed current Brazilian tax rates, which may be increased in the future. Accordingly, the cost estimates may not represent an accurate statement of the Group's future tax costs.

Repatriation of Earnings

Currently, Brazil has no limitation on profit or capital remittances to foreign shareholders provided that all applicable Brazilian taxes have been paid. However, there can be no assurance that restrictions on the repatriation of earnings in Brazil will not be imposed in the future.

Competition in the Mining Industry

The mineral exploration and mining industry is competitive in all phases of exploration, development and production. The Group competes with a number of other entities and individuals in the search for and the acquisition of attractive exploration properties, as well as for the recruitment and retention of qualified employees. As a result of this competition, the majority of which is with companies with greater financial and technical resources than the Group, the Group may not be able to acquire attractive properties in the future on terms it considers acceptable. The Group also competes with other resource companies, with more advanced properties, that are better able to attract equity investments and other capital. The ability of the Group to acquire attractive exploration properties in the future depends not only on its success in exploring and developing its present properties but also on its ability to select, acquire and bring to production suitable properties or prospects for exploration, mining and development. Increased competition could result in increased costs and reduced profitability which could materially adversely affect the Group's revenues, operations and financial conditions.

Inability to Enforce Legal Rights in Certain Circumstances

In the event a dispute arises in Brazil or in another foreign jurisdiction, the Group may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of courts in the United Kingdom. Similarly to the extent that the Group's assets are located outside of the United Kingdom, investors may have difficulty collecting from the Group any judgments obtained in the British courts and predicated on the civil liability provisions of securities legislation.

Conflicts of Interest

Certain of the directors and officers of the Group also serve as directors and/or officers of other companies involved in natural resource exploration and development. To the extent that such other companies may participate in ventures in which the Group may participate there exists the possibility for such directors and officers to be in a position of conflict. Such directors and officers have duties and obligations under the laws of Canada and the United Kingdom to act honestly and in good faith with a view to the best interests of the Group and its shareholders. Accordingly, such directors and officers will declare and abstain from voting on any matter in which such director and/or officer may have a conflict of interest.

Lack of Hedging Policy

The Group does not have a hedging policy and has no present intention to establish one. Accordingly, the Group has no protection from declines in mineral resource prices or exchange rate fluctuations.

No History of Earnings

The Group has no history of earnings, and there is no assurance that any of the properties it now or may hereafter acquire or obtain an interest in will generate earnings, operate profitably, or provide a return on investment in the future. The Group has not generated operating revenue since incorporation. Management anticipates that the Group will experience net losses as a result of ongoing exploration and general corporate and administrative costs and expenses until such time as revenue generating activity is commenced.

Dilution

To the extent the Group should, in future, issue any warrants, options, convertible securities or other similar rights, the holders of such securities will have the opportunity to profit from a rise in the market price of the Ordinary Shares with a resulting dilution in the equity interest of any persons who become holders of Ordinary Shares as a result of or subsequent to the Offering. The Group's ability to obtain additional financing during the period such rights are outstanding may be adversely affected and the existence of the rights may have an adverse effect on the price of the Ordinary Shares. The holders of warrants, options and other rights may exercise such securities at a time when the Group would, in all likelihood, be able to obtain any needed capital by a new offering of securities on terms more favourable than those provided by the outstanding rights.

In some circumstances, the increase in the number of Ordinary Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of the Ordinary Shares. In addition, as a result of such additional Ordinary Shares, the voting power of the Group's existing shareholders will be diluted.

Officers and Directors of the Group Own Significant Ordinary Shares and Can Exercise Significant Influence

The officers and directors of the Group, as a group, beneficially own, on a non-diluted basis, approximately 21.1% of the outstanding Ordinary Shares of the Group. As such, as shareholders, the officers and directors will be able to exert significant influence on matters requiring approval by shareholders, including the election of directors and the approval of any significant corporate transactions. The concentration of ownership may also have the effect of delaying, deterring or

preventing a change in control and may make some transactions more difficult or impossible to complete without the support of these shareholders.

Future Sales of Ordinary Shares by Existing Shareholders

Sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair the Group's ability to raise capital through future sales of Ordinary Shares. Each investor should carefully consider the foregoing risk factors and review with their professional advisors the tax and other implications of making an investment in any securities of the Group.

Further information

Additional information relating to the Group can be found on SEDAR at www.sedar.com and on the Group's web site at www.amazonmining.com.